

REMARKS

This application has been carefully reviewed in light of the Office Action mailed August 29, 2002. Applicant appreciates the Examiner's consideration of the application. To advance prosecution of this application, Applicant has responded to each issue raised by the Examiner. Since Applicant believes that the claims are allowable in their present form, for at least the reasons discussed below, Applicant has not amended the claims. For the convenience of the Examiner, all pending claims are reproduced in the attached Appendix. Applicant respectfully requests reconsideration, further examination, and favorable action in this case.

The Examiner rejects Claims 1-37 under 35 U.S.C. § 103(a) as being unpatentable over George W. Alhan, Purchasing Handbook ("*Alhan*") in view of U.S. Patent No. 6,134,536 by Shepherd ("*Shepherd*"). Applicant respectfully traverses these rejections for the reasons discussed below.

Independent Claims

The Examiner asserts in support of the rejections that *Alhan* discloses "determining at a buyer computer a range of forecasted demand for a product (Pages 13-21 to 13-34)" and "updating at the buyer computer the forecasted demand ([Pages] 19-52 to 19-54)." (*Office Action, Pages 2-3*). Applicant respectfully traverses these assertions.

The first portion of *Alhan* cited by the Examiner discloses how the inventory level of a product may be managed. In particular, it discloses that the quantity of a product in inventory should not exceed a maximum level or fall below a minimum level. (*Alhan, Page 13-21*). *Alhan* lacks any disclosure, teaching, or suggestion that the maximum and minimum levels represent a "range of forecasted demand" for a product. In fact, this portion of *Alhan* lacks any mention of determining the maximum and minimum levels by forecasting demand for a product or that the maximum and minimum levels are even related to demand for a product. Instead, *Alhan* expressly discloses that the maximum and minimum levels are "arbitrary" levels of inventory. (*Alhan, Page 13-21*). As a result, this portion of *Alhan* fails to disclose, teach, or suggest determining "a range of forecasted demand for a product."

The second portion of *Alhan* cited by the Examiner discloses various types of contracts. One type of contract is an "indefinite-quantity" or "open-end" contract. (*Alhan*, Page 19-52). This type of contract represents an agreement where a supplier "contracts to furnish the total requirement ... for a specified item over a stated period of time." (*Alhan*, Page 19-53). This portion of *Alhan* simply discloses that a supplier may agree to supply all quantities of an item to a buyer for a period of time, even when the exact total quantity is unknown at the time the contract is formed. There is no disclosure, teaching, or suggestion in this portion of *Alhan* of using a "range of forecasted demand" for a product or "updating" a previously determined "range of forecasted demand for a product."

The Examiner also asserts in support of the rejections that *Shepherd* discloses "exercising the option in the option contract within the range of forecasted demand based on the updated forecasted demand." (*Office Action*, Page 3). Applicant respectfully traverses this assertion.

The cited portions of *Shepherd* disclose that an option contract may deal with an option to buy or sell a "pre-established contract." (*Col. 52, lines 60-67; Col. 53, lines 39-45*). These portions of *Shepherd* lack any mention of an option dealing with a "range of forecasted demand for a product."

Moreover, the Examiner cites various portions of *Alhan* and *Shepherd* without showing how those portions are related to one another. In particular, the Examiner appears to view the maximum and minimum inventory levels disclosed in the first portion of *Alhan* as a "range of forecasted demand." The Examiner then asserts that the second portion of *Alhan* discloses updating the "range of forecasted demand." However, the second portion of *Alhan* never mentions updating the maximum and minimum inventory levels disclosed in the first portion of *Alhan*. Similarly, the Examiner asserts that *Shepherd* discloses exercising an option based on the updated range of forecasted demand. However, the cited portions of *Shepherd* deal with an option to buy or sell a pre-established contract and never mention maximum and minimum inventory levels. The Examiner has not explained how the second portion of *Alhan* discloses updating the maximum and minimum inventory levels disclosed in

the first portion of *Alhan*. The Examiner also has not shown how the cited portions of *Shepherd* relate to the minimum and maximum inventory levels disclosed in *Alhan*.

For at least these reasons, with respect to independent Claim 1, the proposed *Alhan-Shepherd* combination fails to disclose, teach, or suggest:

- determining at a buyer computer a range of forecasted demand for a product;
- updating at the buyer computer the forecasted demand; and
- exercising the option in the option contract within the range of forecasted demand based on the updated forecasted demand.

For at least these reasons, with respect to independent Claim 12, the proposed *Alhan-Shepherd* combination fails to disclose, teach, or suggest:

- receiving at a seller computer terms of an option contract from a buyer computer, the terms comprising an option corresponding to a buyer's range of forecasted demand for a product; and
- receiving from the buyer computer a request to exercise the option with the buyer's updated forecasted demand for the product.

For at least these reasons, with respect to independent Claim 19, the proposed *Alhan-Shepherd* combination fails to disclose, teach, or suggest:

- a forecast module operable to determine the buyer's range of forecasted demand for a product;
- an execution module operable to execute an option contract including an option corresponding to the compromised range of forecasted demand; and
- an exercise module operable to receive from the forecast module an updated forecasted demand within the compromised range of forecasted demand and to communicate to the seller computer a request to exercise the option with the updated forecasted demand.

For at least these reasons, with respect to independent Claim 28, the proposed *Alhan-Shepherd* combination fails to disclose, teach, or suggest:

- a negotiation module operable to receive from a buyer computer an offer to enter

into an option contract for the supply of a product, the option contract including a proposed option corresponding to a range of forecasted demand; and

- an execution module operable to execute the option contract and to store the terms of the option contract in a memory accessible to the seller computer.

Applicant respectfully requests reconsideration and allowance of independent Claims 1, 12, 19, and 28, and their dependent claims.

Dependent Claims

Dependent Claims 2-11, 13-18, 20-27, and 29-37 depend on Claims 1, 12, 19, and 28, respectively. As described above, Claims 1, 12, 19, and 28 are allowable over the proposed *Alhan-Shepherd* combination. Claims 2-11, 13-18, 20-27, and 29-37 are allowable due to their dependence on these allowable claims, and further based on their own recitations.

For example, Claims 6 and 11 recite receiving from the seller computer a “modified” range of forecasted demand, where the “range of forecasted demand [is] modified by an optimization model at the seller computer.” Claim 6 also recites “accepting the modified range of forecasted demand as a term to the option contract.” Claim 11 recites “determining a modified proposed option price based on the modified proposed range of forecasted demand” and “communicating the modified proposed option price to the seller computer.” The portions of *Alhan* cited by the Examiner fail to disclose, teach, or suggest a system that may receive a “modified” range of forecasted demand generated by an “optimization model” and accepting the modified range as a term of a contract or modifying an option price. In particular, none of the portions of *Alhan* cited by the Examiner disclose, teach, or suggest modifying the maximum and minimum inventory levels. As a result, the cited portions of *Alhan* fail to disclose, teach, or suggest Claims 6 and 11.

As another example, Claims 8, 23, and 34 recite determining that a “proposed contract term is within the range of acceptable contract terms” and accepting the proposed contract term “without user input.” Nothing in the cited portions of *Alhan* relate to determining whether a “proposed contract term” falls within a “range of acceptable contract terms” and

accepting the proposed contract term “without user input.” As a result, the cited portions of *Alhan* fail to disclose, teach, or suggest Claims 8, 23, and 34.

As yet another example, Claims 9, 24, and 35 recite determining that a “proposed contract term is not within the range of acceptable contract terms” and identifying the proposed contract term as “a term requiring user input prior to acceptance.” Nothing in the cited portions of *Alhan* relate to determining whether a “proposed contract term” falls within a “range of acceptable contract terms” and identifying the proposed term as “requiring user input prior to acceptance.” As a result, *Alhan* fails to disclose, teach, or suggest Claims 9, 24, and 35.

CONCLUSION

Applicant has made an earnest attempt to place this case in condition for allowance. For the foregoing reasons, and for other reasons clearly apparent, Applicant respectfully requests reconsideration and full allowance of all pending claims.

If the Examiner believes a telephone conference would advance prosecution of this case, the Examiner is invited to call the undersigned attorney for Applicant, Christopher W. Kennerly, at the convenience of the Examiner. Mr. Kennerly may be reached at 214-953-6812.

Applicant has included a check in the amount of \$110.00 to cover the cost of a one-month extension of time. Applicant does not believe that any additional fees are due. However, the Commissioner is hereby authorized to charge any additional fees or credit any overpayments to Deposit Account No. 02-0384 of Baker Botts L.L.P.

Respectfully submitted,

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